Wednesday April 23, 2003

Weekly Energy Status Report

1. Northwest Power Pool Status (WA, OR, ID, MT, WY, UT, No. NV, BC, AB)

- Power Pool peak load (Monday, 4/22): 41,414 MW
- Reserve margins were within comfortable ranges for Northwest Power Pool utilities.

2. Electricity, Petroleum and Natural Gas Prices

• Weekly Range at Mid-C:	$21 – 34 per MWh, Ave. = $27.5
• Approximate change from previous week	$-7 per MWh
• "Normal" price range, before 5/00	$20-$40 per MWh
• Petroleum, West Texas Intermediate:	$29.91 per barrel (year ago: $24.47)
• Seattle gasoline price (4/22)	$1.77 per gallon, see chart on pg. 6 (year ago $1.49)
• Natural gas, Sumas Hub:	$4.76 per million British Thermal Units (year ago $2.99)
• Approximate change from last week.	Oil: + $1.08 per barrel; Nat. gas: +$0.37 MMBtu

3. California Electricity Situation

- CA ISO Alert Status
  - A stage 2 alert was declared on July 10, 2002.
  - Restricted maintenance warning declared, Sept. 23, 2001
  - Most recent rotating blackouts: Tuesday, May 8, 2001

- Energy News Headlines from California and the Nation
  - Region feeling pain of higher priced power (Spokesman review, April 19)
  - Traffic light bulb signal big changes (Sacramento Bee, Apr. 15)
  - Ford breaks pledge on SUV fuel use (Wall Street Journal, Apr. 18)

4. River and Snowpack Information (Updated Apr 21, 2003)

- Observed March stream flow at The Dalles: 116% of average
- Observed April precipitation above the Dalles: 120% of average
- Observed 2003 snow pack as of April 7: 86% of average
- The latest forecast of Columbia River stream flows this January through June is 85.3 million acre feet, 79 percent of normal: National Weather Service Northwest River Forecast Center.

5. Energy Conservation Achievement (Updated Mar. 10, 2003)

- **State Agencies:** From January to December 2002 electrical usage was 7.6 % less and natural gas usage was 4.1% less compared to the same period in 2000.

6. Winter Load Loss/Reservoir Impacts/Fish (Updated April 21)

- Federal reservoir system storage: 46% full: Precipitation Oct. – to date, 93% of normal.
- Estimated winter (2002/03) load loss probability of 1%

7. Power Exchanged: (April 21)

- Average flow of power during the last 30 days
  - California (exported to) 3636 MW
  - Canada (exported to) 863 MW
  - Net power export: 4499 MW

Region feeling pain of higher-priced power; BPA price hikes causing economic hardship, speakers contend

Electricity prices that soared and swooped repeatedly two years ago have ushered in a new risk of doing business in the Pacific Northwest.

Unfortunately, cheap and stable electricity supplies that had been central to building the regional economy have been replaced by a market that can double in days and retreat just as quickly.

Speaking to about 60 people attending the Northwest Energy Conference on Monday, Steve Wright, the Bonneville Power Administration's top official, said those price swings may be permanent.

And that makes regaining the region's electricity entitlement more difficult. It was stripped by failed deregulation experiments in states like California and Montana, and by now-unfolding market manipulations by the likes of Enron Corp. Untimely drought and poor power-planning strategies also played a role.

Bonneville is trying to survive high-priced contracts it signed during the crisis, and eventually help return the region's competitive advantage, Wright said.

The plan is painful. Already, a 46 percent rate hike was passed along in October 2001. That was credited by many for putting the region's power-intensive aluminum industry out of business.

Now the agency is pursuing another 15 percent increase this year as it seeks to stay solvent and deal with the continuing aftermath of the 2001 energy crisis.

Wright's "passing the pig through the python" approach prompted one person to recommend finding a laxative.

Plenty of people are peeved with Bonneville's rate increases.

Ken Canon, managing director of the Association of Public Agency Customers based in Portland, said his members are struggling to cope with Bonneville's rate hikes.

The APAC represents 36 major companies in activities such as pulp and paper, chemicals, aerospace and lumber.

Utilities across the region handled the energy crisis in different ways. Some ended with increases of 4 percent. Others initiated rate hikes in the double digits.

Canon said Bonneville is in need of fundamental change and needs stronger oversight than that of the Federal Energy Regulatory Commission, which only asks: "Is Bonneville getting enough money?"

Echoing a common complaint of business, Canon said higher rates don't necessarily mean higher revenues. A better approach, he said, is more customers paying less to reach equal or better sales.

Kris Mikkelsen, CEO of Inland Power and Light, said during a panel discussion that Bonneville needed to be run more like a business.

She said the agency has squandered money on unproven programs to resuscitate salmon runs and allowed environmentalists to degrade the generation capabilities of the massive Columbia and Snake River dams.

Bonneville markets about 45 percent of the power in the Northwest. What it says and does as an agency has tremendous implications for families and businesses from the suburbs of Portland to irrigators in Central Washington and manufacturers in Montana.

The rest of the power in the region is generated and sold from public utility districts and investor-owned utilities such as Avista Corp. in Spokane.

The conference continues today with speeches expected by Sens. Patty Murray and Maria Cantwell.

Traffic-light bulb changes signal big cost savings

***By Matthew Barrows,* Tuesday, April 15, 2003**

When California was in the throes of an energy crisis three summers ago, transportation officials took a hard look at the more than 2 million traffic signals across the state.
Spurred on by a state incentive program, cities and counties began tossing out the electricity-hungry incandescent bulbs inside the signals, replacing them with more efficient light-emitting diodes, or LEDs.

And so far, the shift has paid big dividends.

The California Energy Commission estimates the new LED traffic signals have reduced electrical demand statewide by 17 megawatts, enough to power 17,000 homes for a year.

"That's a lot of savings for a relatively simple, no-brainer type of program," said Claudia Chandler, spokeswoman for the Energy Commission.

The biggest winner so far has been the state Department of Transportation.

On Monday, a Caltrans worker in a cherry picker leaned over and inserted LED lights into a traffic signal at the west end of the Tower Bridge, the 200,000th LED unit Caltrans has installed.

The milestone also earned the agency a $667,000 rebate check from Pacific Gas and Electric, part of an incentive program by power companies to reward government agencies for energy conservation.

PG&E has issued $36 million in rebates, including $79,000 to the city of West Sacramento, $82,000 to Woodland and $2,800 to Rocklin.

"The checks went all the way from a couple of thousand dollars to the level of Caltrans," said PG&E spokeswoman Christy Dennis.

The Sacramento Municipal Utility District has run a similar LED-incentive program in Sacramento County.

Both the city and county of Sacramento began installing LED signals in the late 1990s and have earned more than $200,000 each in incentives so far.

Converting to LEDs also has brought down electricity bills and maintenance costs.

With incandescent units, work crews must go out every 1 1/2 years to replace the bulbs. LEDs, on the other hand, last eight years on average.

Sacramento County officials estimate they save $250,000 annually on electricity spending while the city saves $298,000 a year. Caltrans officials say LEDs have reduced energy and maintenance costs by $5.7 million annually.

Incandescent bulbs are energy gluttons because most of the electricity required to illuminate a bulb is wasted in heat.

With LEDs, electricity fires up a gas that turns a desired color -- in the case of traffic lights, red, green or amber.

Most counties and municipalities across the state began their LED program by replacing only the red lights in traffic signals, which are on 60 percent of the time.

As the price of green and amber LEDs has decreased, agencies are now going back and replacing all three colors.

Ford Breaks Pledge on SUV Fuel Use --- Goal of 25% Improvement Is Hit by Weak Finances, Consumers' Preferences

Ford Motor Co. won't meet a 2005 deadline it set for itself to improve the fuel economy of its popular lineup of sport-utility vehicles by 25%. The failure of the three-year-old goal is expected to increase pressure on Washington to mandate improved vehicle fuel efficiencies.

Ford officials said that fulfilling the fuel-economy pledge, nicknamed within the company "25 in five," proved more difficult than the company had anticipated, particularly as the No. 2 automaker's financial position weakened. Some technologies that Ford has been working on haven't panned out as expected, they said. Moreover, to improve the federal fuel-economy rating of its entire fleet of "light trucks" -- SUVs, pickup trucks and minivans -- Ford must sell more of its smaller and more fuel-efficient models. But consumers continue to snap up Ford's bigger, and more fuel-thirsty, SUVs, the officials said.

The federal government's Corporate Average Fuel Economy, or CAFE, rules were first set in the 1970s and last updated in the mid-1990s. The rules, which mandate average fuel economy throughout an auto manufacturer's total fleet, currently set one standard of 27.5 miles per gallon for cars, and another of 20.7 mpg for trucks. When the rules were devised, trucks were considered brawny workhorses that shouldn't be held to the same standard as passenger vehicles.

But in recent years, light trucks have soared in popularity as everyday family transportation, driving down the fuel economy of the entire new-vehicle fleet in the U.S. to about 20 mpg, its lowest level in two decades. That has fanned criticism that the fuel-economy rules' special dispensation for trucks is outdated.

When Ford made its fuel-economy pledge, General Motors Corp. and Daimler Chrysler AG's Chrysler division indicated they would keep up with Ford. The appearance of an environmental race among the Big Three helped the industry last spring block a Senate measure to nearly double fuel-economy standards for light trucks. This year, the Bush administration proposed a more moderate increase in the standard, which auto company officials privately conceded they will be able to meet without too much trouble.

Ford officials said they are still trying to make their vehicles go farther on a gallon of gas. Ray Day, a Ford spokesman, said the company is looking beyond SUVs to improve the fuel efficiency of its entire lineup -- though he wouldn't offer specific dates. "With some vehicles, we are going to achieve 10%. With some vehicles, we are going to achieve 20%. Some will achieve 30%," Mr. Day said. "What we are trying to do is go fleetwide for what is best for our customers."

But environmental activists lashed out at Ford for reneging on a promise that they lauded three years ago as the most significant "green" step by an auto maker in years. They said they will use the incident as ammunition in a debate in Washington over whether the government should rewrite the federal fuel-economy rules for light trucks. The Senate is set to take up that fight as it debates an energy bill amid a war in Iraq that has focused attention on dependence on foreign oil.

"This really points to why we need legislation to step in on this," said David Friedman, a senior analyst for the Union of Concerned Scientists, an environmentalist group that has been pushing to ratchet up the fuel-economy standards. "Let's make sure those vehicles get on the road, and we can do something about reducing oil dependence."

Proposals are floating around Washington to rewrite the fuel-economy rules more fundamentally. The Bush administration is considering doing away with the distinction between cars and trucks, and pegging the fuel-economy requirements to a vehicle's size or weight. One that's small or light would be required to go farther on a gallon of fuel than one that's big or heavy.

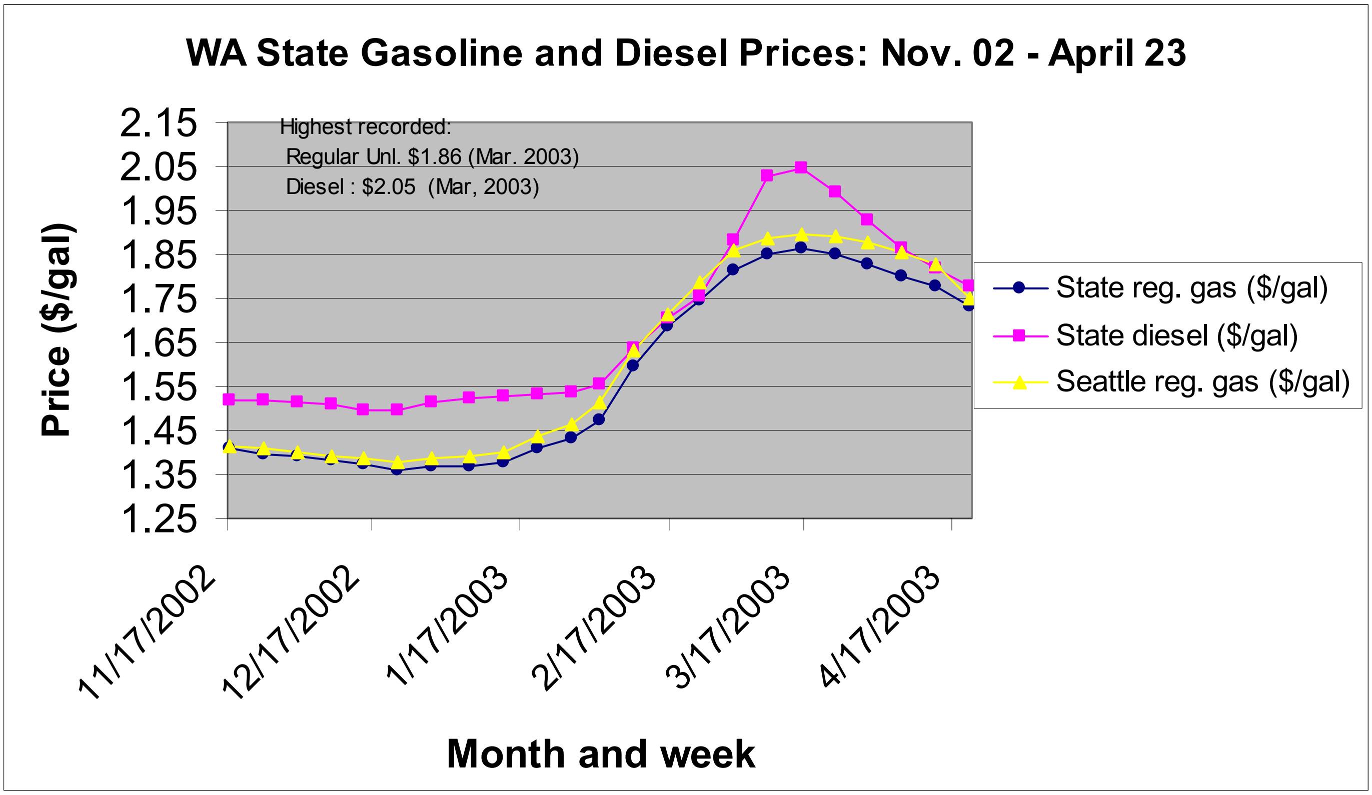
But environmentalists say this approach could create an incentive for an automaker to add extra features to a vehicle to make it heavier -- so the vehicle would be allowed under the rule to consume more fuel.

A bill introduced last week by Sen. Dick Durbin (D., Ill.) would jettison the car-truck distinction in favor of two new categories: passenger vehicles and non-passenger vehicles. The former would have to average 40 mpg and the latter 27.5 mpg by 2015.

The distinction, however, could prove ripe for gaming by the auto industry. Several pickup trucks now come with four doors and full-sized cargo areas in the back. "That is probably, predictably, the next loophole. We'll start to have SUVs with a three-foot bed on the back," concedes a Democratic staffer involved in drafting the Durbin bill. But "you have to draw the line somewhere."

Perhaps no type of vehicle blurs the line between car and truck like a new breed dubbed the "crossover." Although these models often are based on car designs, the auto industry is pushing to get them classified for fuel-economy purposes under the more-permissive truck heading.

Those moves make John DeCicco, a senior fellow with the green group Environmental Defense, wary of the Durbin bill. "The ability of the car companies and the designers to morph designs and blur lines, it's inherently what they try to do."


WA State Gasoline and Diesel Prices: Nov. 02 - April 23
Highest recorded:
Regular Unl. $1.86 (Mar. 2003)
Diesel : $2.05 (Mar, 2003)
Price ($/gal)
2.15
2.05
1.95
1.85
1.75
1.65
1.55
1.45
1.35
1.25
11/17/2002
12/17/2002
1/17/2003
2/17/2003
3/17/2003
4/17/2003
Month and week
State reg. gas ($/gal)
State diesel ($/gal)
Seattle reg. gas ($/gal)